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Municipal Councils
Financial assistance to -
for implementing their
Development Plans.

GOVERNMENT OF MAHARASHTRA.
Urban Development, Public Health and Housing Department.
Circular No. GDP 1469/20879-M.
Sachivalaya, Bombay-32(BH), 8th May, 1970.

C I R C U L A R

In supersession of the orders issued in Government Circular, Urban Development, Public Health and Housing Department, No. 113 1234/M, dated the 22nd October 1964 and of even number, dated the 8th April 1965, Government is pleased to issue the following Revised instructions in regard to the financial assistance to the Municipal Councils for implementation of their Development Plans.)

2. The Development Plans of the Municipal Councils are to be implemented through either (i) land acquisition by agreement and/or by compulsory acquisition under the provisions of the Land Acquisition Act, 1894; or (ii) Preparation and execution of town planning schemes under the provisions of the Maharashtra Regional and Town Planning Act, 1966. Subject to the availability of funds the financial assistance in the form of loans and grants will continue to be given to the Municipal Councils for implementing their Development Plans through both these methods. The Municipal Councils should accordingly prepare their Development Plans and Town Planning Schemes as required under the provisions of the Maharashtra Regional and Town Planning Act, 1966, if not already done, and on obtaining sanction of Government should implement them expeditiously. Technical advice and assistance from the Director of Town Planning in this regard will be available to the Municipal Councils as and when required.

3. The financial assistance in the form of both loans and grants will be admissible only for such items as are included in the Development Plans of municipal Councils and the Order of priority for grant of financial assistance for such items as shown below from the financial year 1970-71.

1. Acquisition of land designated in the Development Plans.
2. Markets and weekly bazars.
3. Schools.
4. Construction of Roads.
5. Dispensaries and Hospitals.
6. Burial and cremation grounds.
7. Slaughter houses.
8. Libraries.
9. Parks and Gardens.
10. Social Welfare Centres.

The acquisition of land required for markets and bazars, schools, roads, dispensaries and hospitals should be given further priority within item (1) above. When the land as earmarked in the Development Plans for utilisation for public purposes is acquired or it is otherwise available to the Municipal Councils the financial assistance should be given for construction of superstructures at items 2 to 10 above in the priority as has been shown.

REF:NOTA-URBANA-8-1970

4. The financial assistance by way of loans to the Municipal Councils for executing works included in sanctioned Development Plans shall be given at the rates prescribed below:-

- (1) 66⅔ per cent. of the gross cost of works and/or land acquisition included in the sanctioned Development Plans of the Municipal Councils classified as "A" class under section 4(1) of the Maharashtra Municipalities Act, 1965.
- (2) 50 per cent. of the gross cost of works and/or land acquisition included in the sanctioned Development Plans of the Municipal Councils classified as "B" and "C" class under section 4(1) of the Maharashtra Municipalities Act, 1965.

The gross cost for the purposes of working out the percentage of loan assistance due to the Municipal Councils should be assessed on the basis of the total expenses on account of land acquisition and/or works under Sections 61, 64, 68, 72, 73, 74, 75, 97 and 100 of the Maharashtra Regional and Town Planning Act, 1962.

5. The loans as prescribed above shall be granted to the Municipal Councils admissible on scrutiny of their applications, on the following terms and conditions:

- (a) If the period of repayment is between 10 to 12 years rate of interest per annum shall be equal to the State Government's borrowing rate for the previous year.
- (b) If the period of repayment is between 13 to 16 years the rate of interest per annum shall be 1/4 per cent. above the State Government's borrowing rate for the previous year.
- (c) If the period of repayment is between 17 to 20 years the rate of interest per annum shall be 1/2 per cent. above the State Government's borrowing rate for the previous year.
- (d) The repayment period shall in no case exceed 20 years.
- (e) Repayment of principal of loans and payment of interest thereon at the rates mentioned above shall be by equated annual instalments.
- (f) The repayment by way of annual equated instalments should start after expiry of one year from the dates on which the loans are drawn by the Municipal Councils.
- (g) In cases of default in payment of instalments (i) of principal and (ii) of interest or (iii) of both principal and interest, as the case may be, a penal compound interest will be charged on the overdue instalments of loans at the rate of 10 percent per annum in lieu of the prescribed rates of interest and in case the default continues for a period of over a year the rate of penal interest shall be enhanced to such higher rate as Government may deem fit.
- (h) The payment of the loan amounts sanctioned by Government will be made in full to the Municipal Councils in advance to enable them to acquire land and/or to take up execution of works as provided in the Development Plans and Town Planning Schemes.

The Municipal Councils should forward their applications for loans not exceeding 66 2/3 per cent. or 50 per cent. of cost of works and/or land acquisition, as the case may be, for implementing the Development Plans and Town Planning Schemes and along with their applications the information as in Form I appended to this circular should also be furnished.

6. For meeting the balance of cost of land acquisition and works for which loans have been sanctioned, the financial assistance in the form of grant-in-aid shall be given to the Municipal Councils at the rates prescribed below:-

- (i) 33 1/3 per cent. of the cost of works and/or land acquisition included in the sanctioned Development Plans for which loan assistance has been sanctioned to the Municipal Councils classified as "A" Class.
- (ii) 50 per cent. of the cost of works and/or land acquisition included in the sanctioned Development Plans loan assistance for which has been sanctioned to the Municipal Councils classified as "B&C" class.

7. The grants-in-aid sanctioned by Government will be paid to the Municipal Councils in instalments, each instalment being fixed on the basis of rates prescribed above and the expenditure actually incurred by them on the land acquisition and works from time to time, the actual expenditure having been worked out in the manner indicated below:-

The actual expenditure in respect of implementation of Development Plans through land acquisition should be reckoned as gross expenditure incurred by the Municipal Councils under Sections 61, 64, 69, 72, 73, 74, 75, 97 and 100 of the Maharashtra Regional and Town Planning Act, 1966 whereas the actual expenditure in respect of implementation of Development Plans through town planning schemes should be reckoned as the net expenditure incurred by the Municipal Councils after deducting from the gross expenditure the total receipts by way of betterment contributions accruable under Sections 98 and 99 of the Act as shown in the Final Town Planning Schemes.

The Municipal Councils should forward applications for grant-in-aid not exceeding the rates mentioned above and along with their applications the information as in Form II appended to this circular should be furnished.

8. Municipal Councils desirous of obtaining financial assistance from Government to meet the cost of implementing their Development Plans and Town Planning Schemes on the terms and conditions indicated above should get the proper estimates of land acquisition and/or town planning schemes framed and should submit before 31st October each year their applications for loans and grants to Government in Urban Development, Public Health and Housing Department in accordance with the provisions of the Local Authorities Loans Act, 1914, and the rules made thereunder and along with the applications they should also furnish relevant details in prescribed proforma as indicated above. Copies of the applications for loans and grants should be forwarded to the Director, Town Planning and Valuation Department, Poona and those for loans to the concerned Deputy Chief Auditor, Local Fund Accounts giving full particulars as required under the Local Authorities Loans Act, 1914 and the rules framed thereunder.

9. On receipt of copies of the applications from the Municipal Councils the Director of Town Planning, Poona should scrutinise them expeditiously with reference to the estimated cost of the various items of works and land acquisition for which loan assistance is sought and the actual expenditure, gross or net, as

the case may be for which grant assistance has been applied for and forward them to Government within 30 days from the dates of receipt of the applications from Municipal Councils in his office together with his detailed report regarding admissibility of the financial assistance applied for by the Municipal Councils.

9. On receipt of copies of the Municipal Councils' applications for loans, the Deputy Chief Auditor, Local Fund Accounts concerned should forward to Government his report on the loan applications indicating the latest financial position of the Municipal Councils. The reports should be sent to Government within fifteen days from dates of receipt by him of copies of the applications.

10. Apart from preparing Development Plans and Town Planning Schemes for the Municipal Councils on an Agency basis the Deputy Director of Town Planning or Assistant Director of Town Planning or Town Planner incharge of the District concerned should render necessary technical advice, prepare plans and estimates of the particular works to be executed and furnish the required certificates within fifteen days from the dates on which the Municipal Councils approach them for this purpose. If necessary, the officers of the Town Planning and Valuation Department should consult the concerned Executive Engineers of the Public Health Works Divisions and/or Executive Engineers of the Buildings and Communications Department.

11. Government desires that the Municipal Councils should be keen on preparing and implementing their Development Plans, particularly through town planning schemes, such of the items like markets, Parks, gardens, roads, etc. for which financial assistance by way of loans is admissible under the scheme for providing basic amenities stand included in the Development Plans for which financial assistance as described above is available. Therefore, the scheme for financial assistance for providing basic amenities introduced under Government Circular, Urban Development, Public Health and Housing Department, No. LHB 3264/25198-M, dated the 22nd October 1964 has been discontinued with effect from 1st April 1969. No financial assistance under that scheme will be given to the Municipal Councils. However, the balance of loans sanctioned for works under this scheme before the issue of these orders will be paid to the Municipal Councils from the provisions under the scheme of financial assistance to the Municipal Councils for implementation of Development Plans. The Municipal Councils which have been sanctioned loan assistance under the scheme of basic amenities should draw all their pending instalments of loans before 31st March 1971. ~~Number~~ ~~UD~~ claims preferred after that date will be entertained by Government.

12. This circular issued with the concurrence of the Finance Department vide its U.O.R. No. 518/69-XXIV dated the 26th February 1970.

By order and in the name of the Governor of Maharashtra,

P. N. PALNITKAR,
Deputy Secretary to Government,
Urban Development, Public Health and Housing Department.

To

The Director of Municipal Administration, Bombay,
The Director of Town Planning, Poona (with fifty spare copies),
All Collectors of Districts,

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The Superintending Engineer, Bombay Public Health Circle, Bombay,
 The Superintending Engineer, Poona Public Health Circle, Poona.
 The Superintending Engineer, Nagpur Public Health Circle, Nagpur,
 The Superintending Engineer, Aurangabad Public Health Circle, Aurangabad,
 All Executive Engineers of Public Health Works Division under the
 Irrigation and Power Department,
 All Presidents of Municipal Councils.
 The Chief Auditor, Local Fund Accounts, Bombay,
 The Deputy Chief Auditor, Local Fund Accounts, Poona/Nagpur/Aurangabad,
 The Accountant General, Maharashtra State, Bombay,
 The Senior Deputy Accountant General, Nagpur,
 The Finance Department (XXIV),
 The Finance Department (II),
 The Director of Publicity (For issue of a Press Note),
 The Irrigation and Power Department,
 The Buildings and Communications Department,
 The Urban Development, Public Health and Housing Department, "P" Branch.

No.

of 1970.

Copy forwarded for information and guidance to -

Para G (b): Added with C.M. No. 2/PHD Circular No
 227. 1474/432/301d 11, dt. 4-1-80

As per rule 2 of the Appendix 22 of the Bombay
 Financial Rules 1959, expenditure incurred by way of
 reimbursement of expenditure already incurred by the
 Municipal Councils from other institutional funds or
 through their own funds, should also be given
 to them at the rate prescribed above in para G(a)
 (a) above.